

Message Text

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ACTION AF-10

INFO OCT-01 EUR-12 ISO-00 AID-05 CIAE-00 COME-00 EB-08

FRB-03 INR-07 NSAE-00 USIA-06 TRSE-00 XMB-02

OPIC-03 SP-02 LAB-04 SIL-01 OMB-01 NSC-05 SS-15

STR-07 CEA-01 INT-05 GSA-02 /100 W

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FM AMEMBASSY CONAKRY

TO SECSTATE WASHDC 3937

INFO AMEMBASSY ALGERIA

AMEMBASSY BELGRADE

AMEMBASSY LAGOS

C O N F I D E N T I A L CONAKRY 0172

E.O. 11652: XGDS-1

TAGS: EINV, EMIN, GV, YO, AG, NI, US

SUBJECT: PROPOSED BAUXITE/ALUMINA PROJECT AT DABOLA

1. ISMAEL TOURE, BROTHER OF PRESIDENT SEKOU TOURE AND
MINISTER OF DOMAIN FOR ECONOMICS AND FINANCE, CALLED
AMBASSADOR IN JANUARY 26 TO INFORM HIM OF THE FOLLOWING:

A. GOG AND YUGOSLAVIA IN 1971 SIGNED AN AGREEMENT
ESTABLISHING A MIXED COMPANY FOR THE DEVELOPMENT OF A
MINING PROJECT IN DABOLA AREA TO PRODUCE SOME 3 MILLION
TONS OF BAUXITE A YEAR. WAS ALSO ENVISIONED THAT AN
ALUMINA PLANT WOULD BE CONSTRUCTED WITH AN ANNUAL CAPACITY
OF SOME 1.2 MILLION TONS. ALL PRELIMINARY STUDIES HAVE
BEEN COMPLETED BUT QUESTION OF FINANCING NOT YET RESOLVED.

B. IN AN EFFORT TO WIDEN THE ENTERPRISE, GOG INVITED
ALGERIAN AND NIGERIAN PARTICIPATION. ALGERIA AND NIGERIA
REPRESENTATIVES HAVE BEEN IN CONAKRY THIS WEEK (WE
HAVE THIS ALSO FROM YUGOSLAVIAN AMBASSADOR), AND BOTH
COUNTRIES HAVE AGREED TO COME IN. BOTH ALGERIA AND
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NIGERIA HAVE PLANS FOR CONSTRUCTING PLANTS FOR PRODUC-
TION OF ALUMINUM IN THEIR OWN COUNTRIES, EACH TO HAVE
A CAPACITY OF SOME 150,000 TONS A YEAR.

C. ALL PARTNERS IN PROPOSED DABOLA PROJECT FEEL
IT IS DESIRABLE BRING IN ANOTHER PARTNER, NOT ONLY TO
HELP WITH FINANCING, BUT ALSO TO PROVIDE TECHNICAL

COMPETENCE AND MANAGEMENT FOR PROJECT. AN INITIAL QUERY HAS BEEN SENT DAVID P. REYNOLDS, OF REYNOLDS METAL COMPANY, ON THE SUBJECT. HIS OFFICE RESPONDED JAN. 17, 1978 THAT HE WAS AWAY BUT WOULD RETURN AND BE IN TOUCH THE FOLLOWING WEEK. THAT IS PRESENT STATUS. GOG GREATLY HOPES REYNOLDS WILL COME IN ON THE PROJECT AND SEES ITS PARTICIPATION AS ASSURING THE PROJECT'S SUCCESS. THE SCHEME WOULD BE SET UP ALONG THE LINES OF CBG. REYNOLDS WAS SELECTED BECAUSE IT WAS NOT INVOLVED IN CBG.

2. COMMENT:

A. WOULD APPRECIATE ANY INFORMATION DEPARTMENT HAS OR MAY BE ABLE TO DEVELOP REGARDING POSSIBILITY OF REYNOLDS' PARTICIPATION IN DABOLA.

B. AS DEPARTMENT WILL RECALL, DABOLA BAUXITE DEPOSIT IN CENTRAL GUINEA CONTAINS ESTIMATED 300 MILLION TONS. ORE IS SUSPECTED TO BE OF GOOD QUALITY BUT PERHAPS NOT AS RICH AS BOKE/SANGREDI. CONSTRUCTION OF THE KOUKOUTAMBA DAM, UPGRADING OF THE CONAKRY-DABOLA RAIL LINE, AND NEW ROAD-RAIL INFRASTRUCTURE AT DABOLA HAVE BEEN ASSOCIATED PROJECTS. ENGINEERING OF KOUKOUTAMBA DAM HAS BEEN COMPLETED BY YUGOSLAVS BUT FINANCING HAS NOT BEEN ARRANGED OWING IN PART TO YUGOSLAV RELUCTANCE TO ADD TO GUINEAN DEBT ALREADY OWED THEM.
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C. IN OUR VIEW, THERE WOULD BE SUBSTANTIAL ADVANTAGES TO U.S. IN SUCH PARTICIPATION, PROVIDING METALLURGICAL, ORGANIZATIONAL AND FINANCIAL CONSIDERATIONS ARE SOUND. CBG IS INCREASINGLY CITED BY THE GOG AS PRIME EXAMPLE OF A SUCCESSFUL JOINT VENTURE. EXPANSION OF U.S. PRESENCE ON THIS BASIS COULD NOT ONLY BE ECONOMICALLY ATTRACTIVE, BUT COULD CONTRIBUTE IMPORTANTLY TO CURRENT GOG TREND TOWARD PRAGMATISM AND MODERATION, IMPROVEMENT OF GUINEAN ECONOMIC CONDITIONS, GENERAL STABILITY OF THE GOG AND WELFARE OF GUINEAN POPULATION.
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Message Attributes

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